

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-04 TRSE-00

LAB-04 SIL-01 SAM-01 OMB-01 L-03 /053 W

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TO SECSTATE WAS DC 772

INFO ALL EC CAPITALS 1850

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E.O. 11652: N/A

E.O. 11652: N/A

TAGS: EFIN, EEC

SUBJEC: EC COMMON BORROWING FACILITY--DETAILS ON EC \$1.3 BILLION
EUROCURRENCY BORROWING

REF: EC BRUSSELS 2650

1. SUMMARY:(THE MISSION 430943\$ (REFEL) HE FINANCE
COUNCIL'S DECISION ON MARCH 15 TO APPROVE AN EC BORROWING
TOTTALLING \$1.3 BILLION ON BEHALF OF ITALY AND IRELAND. THE
FOLLOWING ARE EXCERPTS OF THE TEXT OF THE COUNCIL DECISION
REGARDING THE FOUR TRANCHES OF THE EC EURO CURRENCY BOR-
ROWING. THIS TEXT HAS NOT BEEN MADE PUBLIC. END SUMMARY.

2. BEGIN EXCERPTS: "WHEREAS THE CONDITIONS OF THE LOAN
FROM THE COMMUNITY O THE ITALIAN REPUBLIC AND IRELAND MUST
CORRESPOND TO THOSE OF THE LOAN CONCLUDED BY THE COMMUNITY
SO THAT THE COMMUNIY SHALL NOT HAVE TO BEAR ANY LOSS,
EXPENDITURE OF OTHER COST ARISING OUT OF THE FIANANCIAL OPER-
ATIONS CONSEQUENT UPON IT;

WHEREAS SINCE HE TERMS OF EACH OF THE FOUR LOANS
TO THE COMMUNITY ARE NOT IDENTICAL HE AMOUNT RAISED

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BY EACH LOAN SHOULD BE DIVIDED BETWEEN THE WO MEMBER

STATES; WHEREAS HIS DIVISION, TAKING INTO ACCOUNT THE AMOUNTS THEY HAVE RESPECTIVELY REQUESTED, SHALL BE MADE IN THE PROPORTIONS 10/13THS FOR THE ITALIAN REPUBLIC AND 3/13THS FOR IRELAND.

HAS ADOPTED THIS DECISION:

ARTICLE 1

THE COMMISSION SHALL BE AUTHORIZED TO CONCLUDE, ON BEHALF OF THE COMMUNITY, THE FOLLOWING LOAN CONTRACTS, WHICH FORM A PACKAGE, AND TO SUBSCRIBE AND EXECUTE ALL APPROPRIATE DOCUMENTS IN THAT CONNECTION.

1. A PUBLIC ISSUE OF BONDS DENOMINATED IN US DOLLARS UNDERWRITTEN BY A SYNDICATE OF BANKS ON THE FOLLOWING MAJOR TERMS:

FORM OF LOAN: BEARER BONDS FOR US \$ 1,000 EACH

TOTAL AMOUNT: US \$ 300 MILLION

REDEMPTION: AT PAR AFTER 6 YEARS

PAYMENT OF INTEREST: ANNUALLY

LEADING BANK: DEUTSCHE BANK AG.

THE RATE OF INTEREST AND ISSUE PRICE WILL BE FIXED BY AGREEMENT BETWEEN THE COMMISSION AND THE LENDERS AT THE BEST MARKET RATES ON THE DATE OF ISSUE.

2. A PUBLIC ISSUE OF BONDS DENOMINATED IN DEUTSCH MARKS UNDERWRITTEN BY A SYNDICATE OF BANKS ON THE FOLLOWING MAJOR TERMS:

FORM OF LOAN: BEARER BONDS FOR DM 1,000 EACH

TOTAL AMOUNT: DM 500 MILLION

REDEMPTION: AT PAR AFTER 7 YEARS

PAYMENT OF INTEREST: ANNUALLY

LEADING BANK: DEUTSCHE BANK AG.

THE RATE OF INTEREST AND ISSUE PRICE WILL BE FIXED BY AGREEMENT BETWEEN THE COMMISSION AND THE LENDERS AT THE BEST MARKET RATES ON THE DATE OF ISSUE.

3. A PRIVATE AGREEMENT FOR A LOAN IN US DOLLARS WITH A SYNDICATE OF BANKS ON THE FOLLOWING MAJOR TERMS:

FORM OF LOAN: NOTES IN DOLLARS

TOTAL AMOUNT: US \$500 MILLION

REDEMPTION: AT 3 YEARS AND 7 MONTHS AT THE

EARLIEST AND AT THE LATEST 4 YEARS

PAYMENT OF INTEREST: ANNUALLY

LEADING BANK: DEUTSCHE BANK AG.

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THE RATE OF INTEREST AND ISSUE PRICE WILL BE FIXED BY AGREEMENT BETWEEN THE COMMISSION AND THE LENDERS AT THE BEST MARKET RATES ON THE DATE OF ISSUE.

4. AN AGREEMENT FOR A LOAN IN US DOLLARS WITH A SYNDICATE OF BANKS ON THE FOLLOWING MAJOR TERMS:

FORM OF LOAN: A SINGLE INDIVISIBLE LOAN CONTRACT

TOTAL AMOUNT: \$300 MILLION TO BE MADE AVAILABLE

WITHIN 4 WEEKS FROM SIGNATURE OF THE CONTRACT IN

3 INSTALLMENTS EACH OF \$100 MILLION WITH 5 BUSINESS DAYS BETWEEN EACH INSTALLMENT.
LIFE: 5 YEARS
REDEMPTION: IN ONE SUM AT THE END OF THE LOAN'S LIFE WITH AN OPTION FOR EARLIER REDEMPTION.
INTEREST RATE: VARIABLE RATE OF INTEREST CALCULATED AT ONE POINT OVER AVERAGE LONDON INTERBANK RATE FOR DOLLAR DEPOSITS FOR THE SAME TERM USING SEPS OF THREE MONTHS OR SIX MONTHS AT THE COMMUNITY'S OPTION.
PAYMENT OF INTEREST: QUARTERLY OR HALF YEARLY ACCORDING TO WHEN THE INTEREST RATE CHANGES.
LEADING BANKS: EUROPEAN BANKING COMPANY
ORION BANK LIMITED
BANQUE DE LA SOCIETE FINANCIERE EUROPEENNE
EUROPARTNERS BANK (NEDERLAND) N.V.
MORGAN GUARANTY TRUST COMPANY OF NEW YORK.
ARTICLE 2
THE COMMUNITY SHALL GRANT TO THE ITALIAN REPUBLIC A LOAN CORRESPONDING TO 10/13THS OF THE SUM RAISED BY EACH OF THE BORROWING TRANSACTIONS CARRIED OUT UNDER THE TERMS OF ARTICLE 1 AND IN THE SAME CURRENCIES AND ON THE SAME TERMS AS THE SAID TRANSACTIONS.
THE AMOUNT OF THE LOAN SHALL BE PAID TO THE BANCA D'ITALIA.
THE COMMISSION SHALL BE AUTHORIZED TO CONCLUDE THE LOAN AGREEMENT ON BEHALF OF THE COMMUNITY.

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INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

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ARTICLE 3

THE ITALIAN REPUBLIC SHALL BEAR PROPORTIONALLY ALL LOSSES OF INTEREST, COMMISSION AND OTHER OUTLAYS WHICH THE COMMUNITY MAY INCUR AS A RESULT OF THE FINANCIAL OPERATIONS INVOLVED IN THE CONDUCT AND ADMINISTRATION OF THE COMMUNITY LOANS AND THE WHOLE OF THE LOSSES, COMMISSION AND OTHER OUTLAYS ARISING FROM THE OPERATION AND MANAGEMENT OF THE LOAN TO ITALY.

ARTICLE 4

THE LOAN TO THE ITALIAN REPUBLIC SHALL BE SUBJECT TO THE ECONOMIC POLICY CONDITIONS LAID DOWN IN DECISION 76/ /EEC.

ARTICLE 5

THE COMMUNITY SHALL GRANT TO IRELAND A LOAN EQUAL TO 3/13THS OF THE SUM RAISED BY EACH OF THE BORROWING TRANSACTIONS CARRIED OUT UNDER ARTICLE 1 AND IN THE SAME CURRENCIES AND ON THE SAME TERMS AS THE SAID TRANSACTIONS.

THE AMOUNT OF THE LOAN SHALL BE PAID TO THE CENTRAL BANK OF IRELAND.

THE COMMISSION SHALL BE AUTHORIZED TO CONCLUDE THE LOAN AGREEMENT ON BEHALF OF THE COMMUNITY.

ARTICLE 6.

IRELAND SHALL BEAR PROPORTIONALLY ALL LOSSES OF LIMITED OFFICIAL USE
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INTEREST, COMMISSION AND OTHER OUTLAYS WHICH THE COMMUNITY MAY INCUR AS A RESULT OF THE FINANCIAL OPERATIONS INVOLVED IN THE CONDUCT AND ADMINISTRATION OF THE COMMUNITY LOANS AND THE WHOLE OF THE LOSSES, COMMISSION AND OTHER OUTLAYS ARISING FROM THE OPERATION AND MANAGEMENT OF THE LOAN TO IRELAND.

ARTICLE 7

THE LOAN TO IRELAND SHALL BE SUBJECT TO THE ECONOMIC POLICY CONDITIONS LAID DOWN IN DECEMBER 76/ /EEC.

ARTICLE 8

THE FINANCIAL OPERATIONS CONCERNING BOTH THE LOANS CONCLUDED BY THE COMMUNITY AND THE LOANS GRANTED TO THE ITALIAN REPUBLIC AND IRELAND SHALL BE CARRIED OUT BY THE EUROPEAN MONETARY COOPERATION FUND." END EXCERPTS.

3. COPIES OF THE COUNCIL'S DECISION HAVE BEEN SENT TO INTERESTED WASHINGTON AGENCIES, INCLUDING RPE/CLARK.
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Message Attributes

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